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## **Unit 9**

### **General Staff— Finance/Administration Section**

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## Check Your Knowledge



1. What is the main function of the Finance/Administration Section?
2. What are the four units that make up the Finance/Administration Section at a JFO?
3. Which unit has the responsibility to negotiate vendor contracts?
4. Which unit is responsible for cost data analysis for the incident?
5. The Finance/Administration Section is headed by the \_\_\_\_\_.
6. Match the letter of the financial term on the left with the applicable description on the right.
 

A. Obligation	_____	A payment to liquidate an obligation.
B. Drawdown	_____	The process of setting aside funds for a specific program.
C. Allocation	_____	A formal reservation of funds.
D. Deobligation	_____	Process of requesting and receiving payments into a grantee's account.
E. Disbursement	_____	Downward adjustment of a previously recorded obligation.

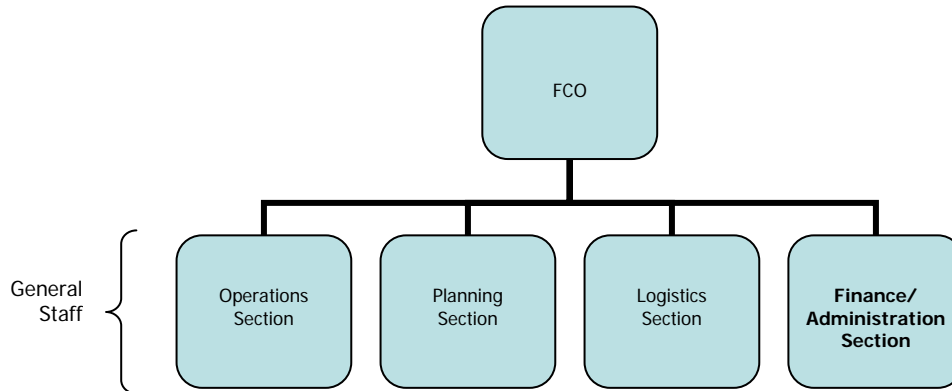
## Check Your Knowledge

### Answers



1. Finance/Administration is primarily responsible for financial management, analysis, cost projections, and tracking of all Federal costs related to the incident.
2. *Cost*—Performs incident cost analysis and reimburses FEMA personnel for travel.  
*Time*—Maintains personnel time records.  
*Procurement*—Procures equipment and supply contracts.  
*Compensation and Claims*—Handles employee injury and compensation claims.
3. Procurement Unit.
4. Cost Unit.
5. Comptroller.
6. E C A B D.

# Finance/Administration



## Overview

The Finance/Administration Section is one of four General Staff sections and functions under the FCO for financial management and analysis. This unit includes:

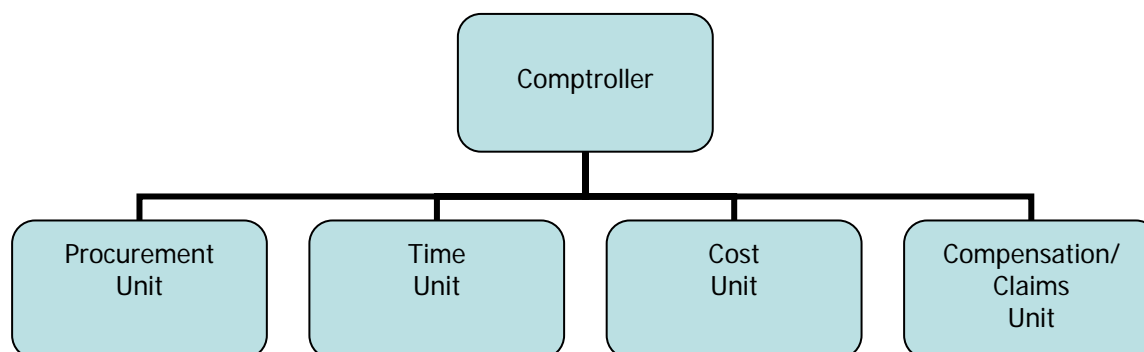
- Section organization and functions
- Funds control
- Grants management
- Financial management

At the end of this unit, you will be able to:

- Describe the role of the Comptroller.
- Identify the four units of Finance/Administration Section organization.
- Describe the primary functions of each unit.
- List the main steps of the process of disaster relief funding.

## Finance/Administration Section Organization and Functions

The Finance/Administration Section can be organized with up to four units, each with a Unit Leader.



The **Comptroller** is the Senior Financial Advisor to the FCO at a JFO. Once activated, he or she determines the need for establishing subordinate units. Comptroller responsibilities include:

- Ensuring all financial decisions are within the scope of established policies and procedures.
- Making financial recommendations to the FCO and other JFO managers.
- Managing and monitoring financial transactions for all program offices within the JFO.

The **Procurement Unit** administers all financial matters pertaining to vendor contracts, and coordinates with local jurisdictions to prepare and review equipment and supply contracts. Coordination with the Supply Unit in the Logistics Section is key.

The **Time Unit** is primarily responsible for proper daily recordings of personnel time.

The **Cost Unit** provides cost estimates and analysis data for the incident, and maintains information on the cost of assigned resources. The travel manager is responsible for the administration of travel reimbursement to FEMA personnel.

The **Compensation and Claims Unit** handles employee injury and compensation claims. Personnel from this Unit will ensure that all required paperwork and statements are completed. Other responsibilities are maintaining files on injuries and illnesses associated with the incident, and coordinating these efforts with Medical and Safety personnel.

## Funds Allocation and Budget Formulation

The budgeting and funding process for each disaster program or activity begins by setting aside initial funding during the declaration process. The action of setting aside funds is called an **allocation**.

FEMA Headquarters automatically prepares the initial allocation for an emergency or disaster. The initial allocation provides predetermined amounts for disaster programs and activities in FEMA's agency-wide **IFMIS**.

The initial allocation is intended for short-term use only. Program managers formulate their budgets by adjusting the initial amounts to fit actual needs and circumstances, factoring in costs associated with all aspects of their program areas. Most programs and activities have developed aids for making budget estimates.

Immediately after IFMIS accepts the initial allocation prepared automatically at FEMA Headquarters, a program office can amend the allocation amounts to reflect the actual budget. This is done by submitting a document called a **Request for Allocation Advice (RAA)**.

**Note: Amended allocations go through a number of processing steps, so managers need to submit their RAAs as soon as actual costs are established.**

To begin the process, the program office uses NEMIS to complete an RAA Worksheet. The amended funds are allocated and available for the program after the RAA process is complete.

## Funds Obligation

An **obligation** formally reserves funds for spending. A **commitment** is a funding step that may come before obligation. Commitments authorize obligations based on documents such as approved requisitions or procurement requests. After funds have been allocated for a particular program and committed, if required, the funds can be obligated.

Program managers need to make sure allocations are in place before making obligations. **The Antideficiency Act prohibits managers from making or authorizing obligations or expenditures under any appropriation or fund in excess of the funds available.**

## Grants Management

After a grant is awarded, the program office ensures that the amount of the grant is allocated, and requests an amended allocation if needed. When the funds become available, program managers can obligate some or the entire grant amount to the grantee.

The grant funds remain obligated until the grantee actually spends funds to administer or perform work under the grant. The amount spent is termed a **disbursement**, also termed a payment or expenditure. A disbursement **liquidates** or reduces some or the entire obligation amount. Different grant programs use a variety of ways to get funds to grantees for disbursement.

SMARTLINK is a major disbursement mechanism. SMARTLINK is the system used to process grants payments to the States through the DHHS computer link with the Department of the Treasury.

A **drawdown** is a process used by a State to transfer funds from the FEMA account to a State account to meet immediate cash needs. States must disburse funds within 3 days after a drawdown from SMARTLINK. SMARTLINK rejects any drawdown that exceeds the current balance of the State's program account. If the State draws down funds in excess of its eligibility, it must return the funds to FEMA.

Financial reports are available through NEMIS, IFMIS, and SMARTLINK to allow program managers to monitor the status of grant obligations and grantee disbursements. The Comptroller, Finance/Administration Section, and the Regional Office work with program managers to identify and access available financial reports.

When reviewing financial reports, program managers should compare amounts spent to grant program progress reports and follow up to ensure that funds are being spent as intended. Reports can identify projects within grants that show large obligations and little or no progress.

Unspent or unliquidated obligations for grants have been a persistent problem cited by the Office of the Inspector General. Obligated funds that remain unspent for long time periods are not in accordance with the intent of Congress for the use of grant program funds. The funds remain in FEMA's financial system and are unavailable for other purposes if the grantee fails to spend them.

Excess funds not needed by grantees should be **deobligated**. A deobligation is a downward adjustment of an obligation. Funds obligated in a prior fiscal year are returned to the DRF.

## Financial Management

Financial management includes program accountability, reporting, audit, and review. Program and activity managers meet their financial responsibilities by:

- Establishing budgets to meet operational needs.
- Reviewing financial reports to ensure that all funds are accounted for and that required reports are submitted in a timely manner.
- Assisting in reconciling financial data to ensure that systems reflect the same funding information, that funds are accounted for, and that FEMA provided the State with sufficient funds to meet the Federal share of program costs.
- Reviewing accounting reports to ensure that grant funds are allocated/deallocated, obligated/deobligated, and disbursed in a timely manner and in accordance with the terms of the grant.
- Monitoring cash disbursements/drawdowns to ensure that funds are disbursed according to regulations.
- Ensuring that adequate controls are in place for retention of records.
- Ensuring that assistance programs are in compliance with FEMA's auditing requirements.

The Comptroller is an important partner at the JFO to help program and activity managers fulfill their financial management responsibilities.

## Summary

The Finance/Administration Section is activated when the agencies involved in incident management need financial and other administrative support. Until the Section is activated, the Incident Commander or FCO is responsible for these functions. The Section is responsible for the financial management, analysis, cost projections, and tracking of all Federal costs related to the incident. Functions include personnel records, cost analysis, contract negotiating and maintenance, overseeing employee claims and compensation, and human resources. The Comptroller is the Section Chief and part of the General Staff.

